

FEATURE

A beginner's mindset

Leading organizations in new directions

Benjamin Finzi, Mark Lipton, and Vincent Firth

CEOs looking for game-changing innovations can start by fostering, in themselves and across their organizations, a beginner's mindset—one that sets aside the status quo to challenge assumptions and explore new possibilities.

A GENERATION AGO, CELL phones were almost universally viewed as a niche market, never to replace land lines for the masses. The common wisdom was that the intrinsic cost of wireless connectivity, particularly for two-way point-to-point broadband, would forever inhibit cellular from replacing land-based connectivity, despite the significant advantages and convenience of mobility. Experts predicted that the demand for wireless phone services would remain small compared to terrestrial lines.

Then something remarkable happened. Someone at one of the large incumbent telecom organizations had a crazy idea: What if the company were to price wireless based not on then-current market estimates, but on the assumption of high-volume sales instead? The result was a new price model designed on the basis of high unit volume and radically lower unit costs. The idea worked.

Demand skyrocketed virtually overnight. Actual unit costs plummeted at unexpected speed. Competitors had no choice but to follow suit, making large investments in infrastructure and technology. Within a few years, wireless connectivity had almost completely replaced terrestrial lines, and nobody now remembers the original orthodoxy.

What prompted this innovator to question the status quo? Was it a random stroke of luck? A fortuitous, inspired guess? Or something else? Such game-changing ideas don't have to be random, unexpected, or lucky. Rather, they can be cultivated through an approach called a *beginner's mindset*. And of all the people in a company who might want to practice a beginner's mindset, the CEO is the one for whom it's most critical—because it's often the CEO who has the authority to take an organization in new, completely unexpected directions.



The need for unorthodox ideas

We define a beginner's mindset as an inclination to periodically question and reassess deeply held theories, archetypes, and conventions to devise new and fundamentally innovative solutions—either because reality has changed or because the current approach is based on flawed thinking, faulty premises, or a different consumer or technological landscape.

It's not hard to see why CEOs who think this way can give their companies a competitive advantage. Constant business innovation and reinvention, in an era of ceaseless intellectual and technological disruptions to market norms, are virtually table stakes. It's not just legacy industries and incumbent companies that are in the crosshairs. Even the freshest of business breakthroughs by the boldest of innovators can become rapidly stale as the pace

of technological and social change continues to accelerate. In such an environment, a wildly unconventional idea—plus the conviction to pursue it and the guts to implement it—can be the difference between survival and obsolescence.

The good news is that you don't have to be a genius to have wildly unconventional ideas, or even particularly unconventional. It does, however, often require a way of thinking that is foreign to many CEOs. That's because that way of thinking—the beginner's mindset—takes as its starting point a degree of ingenuousness, even naiveté, that is diametrically opposed to the emphasis on experience and expertise that earned many CEOs their position in the first place.

No one, of course, is suggesting that CEOs jettison all they have learned about economic and business models. However, a beginner's mindset does call for temporarily challenging assumptions and exploring new possibilities. It invites the CEO to put past knowledge and experience aside, even if only for a moment, to gain the freedom of mind needed to make creative discoveries. While it is similar to the cognitive experiences that prompt entrepreneurs to construct radically new businesses, the difference is that the beginner's mindset allows for replication. With a beginner's mindset, a CEO *consistently* sets aside tradition—accepted business approaches and techniques—to explore new ways of growing the company.

Let's get Zen

Bringing a beginner's mindset to daily living is an idea originally articulated by Shunryu Suzuki (1904–1971), a Zen monk, teacher, and author of the book *Zen Mind, Beginner's Mind*. Suzuki wrote about the inherent conflict between established orthodoxies and human ingenuity, evident in his opening sentence: “In the beginner's mind there are many possibilities, but in the expert's there are few.” He espoused a way of thinking that greatly discounted the status quo—the customary ways of doing things. Being present in the moment, he be-

lieved, opens one up to progressive thinking, which is in opposition to tradition.

Suzuki referred to this open state as *shoshin*, the Zen term for beginner's mind, and it is in direct contrast to the expert mind. People who are experts—CEOs among them—risk being trapped by their expertise into retracing old routes over and over, seeking assurance in what has worked in the past or for others. This reliance on knowledge gained from past successes can, of course, sometimes pay off—but it can also hinder the explorations needed to uncover radical new ways of doing things.¹ In contrast, a beginner's mindset relishes uncertainty. As Buddhist writer and teacher Jack Kornfield writes, *shoshin* “frees us from ... the thicket of views and opinions.”²

By following long-standing, proven business methods, many CEOs believe that they limit the possibility of failure and censure. But what if these methods no longer hold value? What if a completely different way of providing value to customers exists? And what if a competitor or startup company identifies and seizes this value first?

Practicing the beginner's mindset

By temporarily taking a break from managing the status quo, CEOs can reexamine the value of current approaches, contemplate wished-for business outcomes, and discover new possibilities. The challenge for many CEOs is to find ways to encourage such explorations—both for themselves and their followers. Large bureaucratic organizations are often not structured to accommodate curious behaviors, as rigid hierarchies and formal return-on-investment methodologies can impede the playfulness and creativity needed to explore new ideas.³

Another potential hindrance is the tradition of forming executive leadership teams based on each member's specific expertise. The reasoning is that it is best for team members' spheres of knowledge not to overlap when working on solutions to a problem, a theory called “distributed cognition.”⁴ The fallacy

in this approach, however, is that it can encourage team members to flaunt their respective expertise, encumbering free-thinking—skill sets obstructing mindsets, as it were.

On the other hand, a competing thesis—“evaluation theory”—calls for periodically questioning “taken for granted” practices and perspectives to unearth new conceptual territory.⁵ This is very similar to the abandonment of tradition and orthodoxy inherent to the beginner's mindset and can help inform a CEO's efforts to find the mental and organizational space needed to practice it.

To incorporate a beginner's mindset into their decision-making behaviors, CEOs might start by considering these four following possibilities:

- *What if my assumptions are wrong, despite the best evidence at hand?* To open yourself up to this possibility, silence your inner critic to focus on questions and not answers, possibilities and not problems. Write down the conventions governing current management and operating structures, and analyze whether or not they continue to make sense. If you feel you've developed a dependence on knowledge and expertise in making decisions, consider temporarily setting aside those accepted beliefs to welcome ambiguity and explore new possibilities.
- *What if what seem to be perfect solutions drawn from history are no longer relevant?* Prevailing attitudes based on expert conclusions may buckle under the weight of contrary assumptions and further analysis. By constantly questioning the assumption that the present replicates the past, you can open the door to alternative possibilities.
- *What if I could wish for anything I wanted?* If you're concerned about not having the right answers, consider the utopian principle of “I wish” to dream up unconstrained possibilities. By establishing a wished-for end state—“I wish our products appealed more to older women,” for instance—you open an imaginative path

toward this destination that also illuminates obstacles along the way, providing clarity to guide your actions.

- *What if my critics are right?* It's comforting to ignore criticism, but you do so at a cost. What if what sounds like criticism is actually sound advice? Solicit such outside opinions, focusing on the underpinning logic of the criticism instead of its intended results. The seeds for your next great idea may be found in others' disparagements.

Embodying the beginner's mindset

More than a few real-life CEOs display what we call a beginner's mindset in their expressed attitudes and behaviors. Elon Musk, Jeff Bezos, Steve Jobs, Reed Hastings, and Marc Benioff are all mold-breaking CEOs in this regard.

In leading Salesforce, Benioff assumes that the status quo will disappear. As he told *Business Insider*, “I try to let go of all the other things that have happened so far in our industry (which is a lot of stuff) and go, ‘Okay, what's going to happen now?’”⁶ He is less interested in ideas for refining current products and operations than in “dream[ing] of unconstrained possibilities,” writing down disruptive concepts in his journal and encouraging work colleagues to do the same.⁷

Many startup chief executives are equally eager to apply their imaginations to expansive ruminations. Consider Roman Kirsch, CEO of Lesara, a German company in the fast fashion business. The 30-year-old CEO pioneered a new business model, which he calls “agile retail,” in which customers set fashion trends instead of fashion designers. This on-demand approach countered the conventional wisdom that clothing buyers had to wait for manufacturers to produce goods that customers may or may not find fashionable. Lesara instead makes apparel that customers really want at the time when they want them.

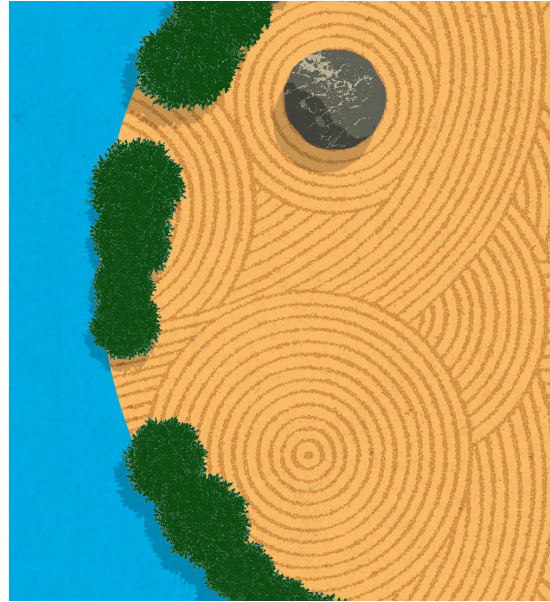
Since Kirsch does not have a background in fashion, he is more apt to challenge industry norms. “If you try to do something new and break from existing models and systems, experience can be counterproductive,” he says. “It’s easy to stick to existing knowledge and ways of thinking, and much more difficult to think outside of the box and be bold enough to disrupt what has been established ... If you approach the topic with a more naive mindset, you might come up with new solutions.”⁸

Similar explorations led to new market solutions pioneered by BlackStar Energy CEO Nicole Poindexter, who put aside tradition to pursue her goal of providing electricity to developing countries in Africa. Most developing regions historically rely on a national grid for power services, but these typically take decades to provide electrification across the country. Poindexter wanted power to materialize much faster *and* come from renewable energy sources.

Her contemplations sparked an innovation: a small-scale, solar-powered microgrid that could serve communities of about 100 people. The mini-grids store energy in batteries to provide electricity to end customers, with the power metered outside their homes. Villagers pay for the service by buying scratch cards at local kiosks for a specific number of usage hours. Nearly 6,000 people in Ghana are now watching television and charging their cell phones thanks to Poindexter’s mold-breaking concept.⁹

Leading with the beginner’s mindset

For traditional CEOs used to relying on skills and knowledge to make decisions, a beginner’s mindset may seem unsettling as a new leadership dynamic. However, leading with a beginner’s mindset doesn’t mean that it has to be practiced continually. CEOs should instead set aside defined blocks of time, both alone and with others, to allow for the “art of the



possible”—to envision what can be done that has not been done before.

CEOs at many companies, especially industry incumbents, are well aware of contemporary competitive threats and the need for constant reinvention. But as a source of innovation and competitive advantage, many tend to rely on their organization’s accumulated expertise when developing new products or services, designing new digital marketing strategies, or creating a modern cloud-based processing solution. Their mindset, particularly at large firms, often embraces expertise rather than imagination. Challenging ingrained beliefs and orthodoxies with the energy of a neutron bomb is not necessarily in their job profile.

However, these experienced and capable CEOs often find themselves facing scrappy entrepreneurs defying accepted wisdom to create the next unicorn that changes the world. Is there a way for CEOs of established companies to leverage the valuable expertise accumulated within their organization *and* challenge it at the same time, to sustainably enhance their ability to innovate?

The answer to this question is yes—with a beginner’s mindset. Let the ideas flow again.¹⁰

Endnotes

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8. Davide Banis, "Lesara's CEO on why entrepreneurs should always have a beginner's mindset," *TWN Insider*, May 18, 2018.
9. Bill McKibben, "The race to solar-power Africa," *New Yorker*, June 26, 2017.
10. For more on how CEOs can encourage exploration and experimentation within their organizations, see: Benjamin Finzi, Mark Lipton, and Vincent Firth, *Can CEOs be un-disruptable?*, Deloitte Insights, October 17, 2017; Finzi, Lipton, and Firth, *Ambidextrous leadership: Keystone of the undisruptable CEO*, Deloitte Insights, October 18, 2018.

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